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OPIC FOR SENIOR INVESTMENT OFFICER GEOFFREY TAN

E.O. 12958: N/A

TAGS: [EINV](#) [EG](#)

SUBJECT: APPLICATION FOR OPIC FINANCE: DAMIETTA
INTERNATIONAL PORTS

REF: SECSTATE 146574

¶1. (SBU) Post supports OPIC's plan to provide an investment guaranty of up to \$150 million for the Damietta Port Project.

OPIC's re-entry into Egypt's economy will be an important signal to the GOE and investors that OPIC is confident of Egypt's commitment to economic reform. Moreover, OPIC participation in private-sector development projects like the Damietta terminal complements U.S. economic policy in Egypt, which seeks to promote private-sector led growth and trade facilitation. The Damietta terminal also complements the GOE's transportation modernization strategy, which aims to promote private investment and operation in transportation infrastructure. Post does not possess any derogatory information on the project, or the Egyptian partners, RAFIMAR and Damietta Port Authority.

¶2. (SBU) In depth information and statistics on Egypt's maritime port operations can be found by visiting the Egyptian Maritime Data Bank website at www.emdb.gov.eg. The GOE has embarked on an aggressive trade and customs reform program, recognizing the need for modernization and increased efficiency in its container ports to make better use of its excellent location adjacent to the Suez Canal and bordering the Mediterranean. The GOE has secured, or is pursuing, private sector investment and operators in other key ports such as Alexandria/Dekheila, Port Said, and Ain Sokhna.

Regarding regulatory structures, the Customs Authority, under the Ministry of Finance, has responsibility for customs procedures at all ports. The port authorities of each port, under the Ministry of Transport, have overall management responsibility for port operations and regulation.

The Ministry of Investment is involved in the ports only to the extent of facilitating investment in new facilities through provision of land and management of investment procedures/regulations regarding specific projects. Coordination between the ministries of Finance, Transport and Investment is good, as all lead by reform-minded ministers. In the case of the Ministry of Transport, Minister Mansour comes directly from the private sector and is a past president of the American Chamber of Commerce in Egypt.

¶3. (SBU) Econoff spoke with a RAFIMAR representative, who explained that the first phase of the Damietta project is slated to begin within two years. Once completed the port is expected to move 4 million TEUs per year. Post believes this goal is realistic, as Damietta is well positioned to serve as a major transshipment hub for the eastern Mediterranean, handling shipments to/from Europe and Asia. A key feature of the Damietta project is that no public funds will be sought to finance construction or operations. The RAFIMAR rep told Econoff that 70 percent of the start-up capital will come from the Kuwaiti partners. While the final balance of equity shareholders has not been determined, it is our understanding

that 35 percent will be reserved for private shipping lines,
35 percent for the Kuwaiti partners, and 30 percent for the
Egyptian partners.

JONES